

Reliance Capital Limited

**Review report on the results for the quarter ended
December 31, 2009 (Un-audited)**

January 30, 2010

Safe Harbor

This report and the discussion that follows may contain “forward looking statements” by Reliance Capital Limited (“RCL”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operation, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the directors and management of RCL about the business, industry and markets in which RCL operates. These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond RCL’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of RCL. In particular, such statements should not be regarded as a projection of future performance of RCL. It should be noted that the actual performance or achievements of RCL may vary significantly from such statements.

General Risk

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Company unless they can afford to take the risk of losing their investment. For taking an investment decision, investors must rely on their own examination of RCL including the risks involved.

Convenience translation

We publish our financial statements in Indian Rupees. All references herein to “Indian Rupees” and “Rs.” are to Indian Rupees and all references herein to “US dollars” and “US\$” are to United States dollars. All translations from Indian Rupees to United States dollars were made (unless otherwise indicated) using the rate of Rs. 46.64 = US \$ 1.00 for Q3 FY10 & rate of Rs. 47.91 = US \$ 1.00 for 9M FY10 for profit and loss items and the rate of Rs. 46.68 = UD\$1 for balance sheet items as on December 31, 2009. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into United States dollars or Indian Rupees respectively, as the case may be, at any particular rate, the above rates or at all. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off. We also use the international convention of presenting financial information in millions or billions of rupees. Note: One million rupees is equal to ten lakh rupees. Ten million rupees is equal to one crore rupees. One billion rupees is equal to one hundred crore rupees.

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SECTION 1

RELIANCE CAPITAL – PERFORMANCE AT A GLANCE

(Rs. Million)

Particulars	Year ended March 31,			Quarter ended December 31, 2009*
	2007	2008	2009	
Total Revenues	21,579	49,192	59,400	14,848
Net Profits	7,032	10,091	10,157	632
Networth	52,973	65,078	73,403	79,227
Reliance Mutual Fund				
Average assets under Management (Rs.billion)	463	909	809	1,200
Reliance Life Insurance				
New business premium	9,321	27,510	35,139	9,213
Reliance General Insurance				
Gross written premium	9,120	19,460	19,149	5,182
Reliance Consumer Finance				
Loan book size	1,328	71,204	85,761	77,883
Reliance Money				
Revenues	0	2,385	3,520	537

+ All the financial highlights given are based on consolidated audited results

* Based on consolidated unaudited results

SECTION 2

AN OVERVIEW

Introduction:

Reliance Capital is one of India's leading private sector financial services companies and ranks among the top 3 private sector financial services and banking groups, in terms of networth.

Reliance Capital is a part of the Reliance - Anil Dhirubhai Ambani Group and is a constituent of S&P CNX Nifty and MSCI India.

Reliance ADA group is amongst India's top 3 business houses with a market cap of over US\$ 24 billion and 150 million customers. It has a strong presence across a wide array of high growth consumer- facing businesses of Telecom, Financial Services, Energy, Power, Infrastructure and Media and Entertainment.

Reliance Capital has interests in asset management and mutual funds, life and general insurance, private equity and proprietary investments, investment banking, wealth management services, stock broking, depository services, distribution of financial products, consumer finance and other activities in financial services.

Reliance Capital Asset Management (RCAM)

Reliance Mutual Fund (RMF)

- Reliance Mutual Fund has maintained its leadership position in the country. It had a market share of 15.10% at the end of December 2009
- The average AUM for December 2009 was at Rs. 1,200 billion (US\$ 25.7 billion) as against Rs. 702 billion for December 2008, an increase of 71%. During the same period, the AUM of the entire Indian mutual fund industry went from Rs. 4.2 trillion to Rs. 7.9 trillion (US\$ 169 billion), an increase of 88% (Source: AMFI website)
- The recent regulations change in the asset management industry whereby the entry loads on equity funds have been removed, has lead to significant impact on distribution commissions as these entry loads used to be passed on as distributors' commissions. This has extensively affected equity inflows and retail participation. Despite this, the number of investors in RMF remained steady at 7.2 million as at the end of December 31, 2009 as against 7.1 million investors at the end of December 31, 2008 – an increase of 1%
- Over 1 million Systematic Investment Plan (SIP) accounts

- RCAM's income from its operations for the quarter ended December 31, 2009 was at Rs. 1,964 million (US \$ 42 million) as against Rs. 915 million in the corresponding previous period— an increase of 115%
- Profit after tax for the quarter ended December 31, 2009 was Rs. 479 million (US\$ 10 million) as against Rs. 257 million in the correspond previous period, an increase of 86%
- As on December 31, 2009, there were a total of 35 schemes - 17 equity oriented schemes, 16 debt oriented schemes and 2 exchange traded schemes
- During the quarter, RCAM launched a new product feature - 'Reliance Smart Step'. It was the first fund house to launch a unique facility to invest across all debt/ liquid & equity schemes based on a scientific model
- At the end of December 31, 2009, RCAM increased its presence to 243 locations in India, as against 226 at the end of September 2009
- RCAM has received approvals from regulatory authorities in United Kingdom and Malaysia to commence investment advisory and asset management operations in the respective countries
 - RCAM has appointed Mr. Ian Lancaster as the CEO of its Malaysian subsidiary, which has been set up to tap the fast-growing market for products complying with Islamic law. Lancaster, with over 20 years of experience, would lead Reliance Capital AMC's venture in Islamic asset management business
- During the quarter, RCAM won the highly acclaimed international award – 'Asia Risk Award for Asset Manager of the Year 2009', for its robust risk management practices. RCAM is the only Indian asset management company to be awarded this prestigious award

Portfolio Management Services

- Reliance Portfolio Management Services is a premium financial service for select investors from the portfolio management division of Reliance Capital Asset Management Ltd. This division creates customized portfolios for high net-worth individuals keeping in mind their risk return preferences and endeavors to generate superior returns
- The AUM as at end of December 31, 2009 was to Rs. 347 billion (US\$ 7.4 billion) as against Rs. 273 billion as at December 31, 2008 – an increase of 27%

- RCAM has been appointed as one of the fund managers by the Employees Provident Fund Organization (EPFO). A hugely prestigious account, EPFO has entrusted Rs. 315 billion (US\$ 6.7 billion) to RCAM, for investment management
- RCAM was also appointed as one of the six asset managers by The Pension Fund Regulatory and Development Authority (PFRDA) to manage money under the new pension scheme. The new pension scheme will be a government regulated pension plans on the lines of the '401K retirement plan' in the US (a defined contribution plan) and can be availed by the general public in India
- RCAM is the only private sector asset management company which has been selected to manage funds for both - EPFO and the new pension scheme

Reliance Asset Management (Singapore) Pte Ltd.

- Reliance Asset Management (Singapore) Pte Ltd is a wholly owned subsidiary of Reliance Capital Asset Management Limited. It currently manages 6 India dedicated funds viz. – India Equity Growth Fund, India Equity Long Term Fund, India Equity Derivative Fund, India Multi Strategy Fund, Lawrence India Mauritius Fund and WIOF India Performance Fund.
- Its AUM as on December 31, 2009 was at US\$ 185 million as against US\$ 152 million as on December 31, 2008 – an increase of 22%

Reliance Life Insurance (RLI)

- Reliance Life Insurance offers products that fulfill savings and protection needs of customers. Reliance Life offers 42 products, of which 30 are targeted at individuals and 12 at group business. Reliance Life is committed to emerge as a transnational Life Insurer of global scale and standard and attaining leadership rankings in the industry within the next few years
- RLIC continues to be among the top 4 private sector players with a market share of 9.3% of the private sector. (Source: YTD December 2009 data, IRDA website)
- Total premium for the quarter Rs. 16 billion (US\$ 344 million) as against Rs. 11 billion for the corresponding previous period – an increase of 40%
- New Business Premium Income for the quarter ended December 31, 2009 was Rs 9 billion (US\$ 198 million) as against Rs 8 billion in the corresponding previous period, a increase of 11%

- For the quarter ended December 31, 2009, renewal premium was Rs. 7 billion (US\$ 147 million) as against 3 billion for the corresponding previous period – an increase of 115%
- The annualized premium equivalent (APE) for the quarter was Rs. 8.3 billion (US\$ 177 million) as against Rs 7.6 billion for the corresponding previous period – an increase of 8%
- The total funds under management were at Rs. 115 billion (US\$ 2 billion) as on December 31, 2009 against Rs. 49 billion as on December 31, 2008 – an increase of 134%
- The policyholders' funds under management were at Rs. 113 billion (US\$ 2 billion) as on December 31, 2009 against Rs. 45 billion as on December 31, 2008 – an increase of 150%
- For the third consecutive quarter, RLI sold the largest number of policies in the private sector life insurance industry. The number of policies sold during the quarter were 6,88,979 as against 5,91,201 for the corresponding previous period, an increase of 17%
- The distribution network increased to 1,247 branches at the end of December 31, 2009 against 1,145 branches at the end of December 31, 2008
- The number of agents at the end of December 31, 2009 were at 1,92,347 as against 1,41,603 agents at the end of December 31, 2008, an increase of 36%
- During the quarter, no capital infusion was required as against Rs 3.3 billion in the corresponding previous period. The capital invested till date in this business, is Rs 28 billion (US\$ 602 million)
- In quarter ended December 31, 2009, RLIC filed all the products thereby complying with the regulatory change of capping the charges on unit linked products. During the quarter, the Company also launched three new traditional products viz. Reliance Jan Samridhi Plan, Reliance Traditional Group Gratuity Plan and Reliance Traditional Super Invest Assure Plan

Reliance General Insurance (RGI)

- Reliance General Insurance offers property insurance, engineering insurance, auto insurance, health insurance, travel insurance, marine insurance, commercial insurance and other specialty insurance products

- RGI is one of the top three private sector General insurance companies in India (in terms of business premium). It has a market share of 6.2% of the general insurance market in India and 15.3% market share of the private sector general insurers
- For the quarter ended December 31, 2009, the Gross Written Premium (GWP) was Rs. 5.2 billion (US\$ 111 million) – a YoY increase of 2%
- Net Written Premium (NWP) for the quarter ended December 31, 2009 was Rs. 4.1 billion (US\$ 89 million) as against Rs. 3.1 billion in Q2 FY10 – an increase of 30%
- Loss for the quarter ended December 31, 2009 decreased to Rs. 70 million (US\$ 2 million) as against Rs. 121 million for the corresponding previous period
- The distribution network composed of 200 branches and over 5,100 intermediaries at the end of December 31, 2009

Reliance Consumer Finance (RCF)

- Reliance Consumer Finance offers a wide range of products which include Home loans, loan against property, vehicle loans (cars and commercial vehicles), SME loans and loans against securities
- The focus at Reliance Consumer Finance is not only credit growth per se but the quality of credit sourced. In line with this, the plan is to increase secured asset lending and de-emphasise unsecured loans
- As on December 31, 2009 the outstanding loan book was Rs. 78 billion (US\$ 2 billion) as against Rs. 89 billion as on December 31, 2008 – a decrease of 13%. This loan book is spread across 115,517 customers from top 18 Indian metros
- As on December 31, 2009, the assets under management (including securitized portfolio) was Rs. 95 billion (US\$ 2 billion) as against Rs. 89 billion as on December 31, 2008 – increase of 7%
- The disbursements for the quarter ended December 31, 2009 were Rs. 14 billion (US\$ 309 million) as against Rs. 2 billion for corresponding previous period – increase of 586%
- The home finance division generated revenues of Rs. 947 million (US\$ 20 million) for the quarter ended December 31, 2009, as against Rs. 703 million for the corresponding previous period – an increase of 35%. It achieved a profit before tax of Rs. 456 million (US\$ 10 million) for the quarter ended December 31, 2009, as against Rs. 99 million for the corresponding previous period – an increase of 361%

- The asset finance division generated revenues of Rs. 1,654 million (US\$ 35 million) for the quarter ended December 31, 2009, as against Rs. 1,467 million for the corresponding previous period – an increase of 13%. For the quarter, it achieved a profit before tax of Rs. 452 million (US 9.7 million) as against Rs. 91 million for the corresponding previous period – an increase of 396%
- The unsecured loans division generated revenues of Rs. 662 million (US\$ 14.2 million) for the quarter ended December 31, 2009, as against Rs. 1,043 million for the corresponding previous period and a loss of Rs. 527 million (US\$ 11 million) as against Rs. 43 million for the corresponding previous period

Reliance Money

- Reliance Money is the one of the leading brokerage and distributor of financial products in India
- Reliance Money is a comprehensive financial services and solutions provider, providing customers with access to equities, equity options and commodities futures, wealth management, wealth management services, mutual funds, IPOs, life and general insurance products, offshore investments, investment banking, money transfer, currency exchange and gold coins
- Going forward the focus will be on the key business verticals of broking, distribution (third party and in-house), wealth management and investment banking
- Broking:
 - It has 940,000 retail broking accounts – an increase of 2% QoQ
 - Reliance Money has maintained steady daily average stock exchange turnover at Rs. 16 billion (US\$ 343 million)
 - Commodities broking turnover was at Rs. 2.5 billion (US\$ 54 million)
- In the distribution business vertical, Reliance Money has two distinct arms – third party and in-house
 - In the third party distribution, Reliance Money is manufacturer agnostic and distributes mutual funds, life & general insurance products, loans and precious metal retailing

- It is amongst the leading Mutual fund distributors of the country distributing products of 20 AMCs, with a customer base of over 500,000. It is the the largest private sector partner for Western Union Money Transfer in India
- Reliance Money has tied up with India Post and World Gold Council to sell gold coins through the post office network across the country
- Reliance Capital Services (RCS -wholly owned subsidiary of Reliance Capital) is the in-house distribution arm of Reliance Money, leveraging on the cross sell opportunity
 - Customer base has grown over 500% YoY to 118,000 customers
 - Created strong presence through 75 locations across 48 cities in India
 - RCS is the largest distributor for Reliance General Insurance and is among the top five for Reliance Life Insurance
- Wealth Management and Investment Banking are two new initiatives of Reliance Money
 - In wealth management, Reliance Money will address financial needs and create investment opportunities for both HNIs and average retail investors. It will create customized individual portfolios based on their diverse investment needs and risk profiles investment needs
 - In investment banking, Reliance Money will address the capital requirements of enterprises through various instrument s- IPOs, private placements, M&A etc
 - Currently the Company is in process of putting together a professional team in place for both business verticals
- As on December 31, 2009, Reliance Money had a pan India distribution network of over 5,000 outlets
- Reliance Money maintained revenues of Rs. 537 million (US\$ 11.5 million) for the quarter ended December 31, 2009 as against Rs. 609 million for the quarter ended September 30, 2009
- The business achieved a profit before tax of Rs. 0.7 million (US\$ 0.01 million) for the quarter ended December 31, 2009, as against Rs. 43 million for the quarter ended September 30, 2009

Reliance Asset Reconstruction

- Reliance Asset Reconstruction Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt/assets. It formally commenced business operations in the first half of FY09. The other sponsors / shareholders of Reliance ARC are Corporation Bank, Indian Bank, GIC of India, Dacecroft and Blue Ridge
- As on December 31, 2009; the asset base was over Rs. 200 million (US\$ 4 million)

Reliance Equities International

- Reliance Equities International Private Limited (REIPL) is the institutional stock broking subsidiary of Reliance Capital. REIPL has been set up to complement Reliance Capital's current financial services businesses
- It aims is to add value to clients investment decision making process with thematic and differentiated research, access to corporate managements and lateral input providers and the highest standards of client servicing
- In the institutional broking space, Reliance Capital plans to acquire a majority stake in Quant Capital Group. Subject to necessary regulatory approvals, Reliance Equity International (institutional broking arm of Reliance Capital) and Quant Capital will integrate and increase scale of operations through business synergies and cost optimization. This proposed transaction is subject to necessary regulatory approvals
- Quant Capital focuses primarily on the institutional cash equities and equity derivatives business. Apart from traditional fundamental research, it also combines quantitative and behavioral research to forecast trends and inflection for global currencies, commodities, and equities. Quant Capital has built and implemented state of the art trading, risk and operational platforms. The firm employs over 100 professionals with diverse skills sets

Reliance Equity Advisors (India) Limited (REAL)

- Reliance Equity Advisors (India) Limited has been set up with the objective of raising a third party, sector agnostic private equity fund. The fund will primarily focus on acquisition financing, growth and consolidation capital in India
- The fund has plans to raise money domestically targeting HNIs and domestic financial institutions. It has completed its first round of fund raising Q3 FY10 and received excellent commitments from HNIs, domestic funds & financial institutions. The fund will continue to accept commitments over a series of closings

- While the fund raising effort continues, REAL will continue to evaluate investment opportunities in unlisted/private held companies in the high-growth sectors. The Company is currently in advanced stage of discussions with a couple of companies in the education and logistics sector and are evaluating a few attractive investment opportunities in other sectors and intend to complete 3-4 investments in the current financial year

Reliance Exchange Next

- Reliance Exchange Next is a new initiative of Reliance Capital in the exchange space by setting up modern exchanges, in various segments
- The Company commenced operations by launching Reliance Spot Exchange (RSX) in the month of October 2009. The first contract on the e-auction platform being metals, subsequently also added spices in the month of December 2009
- RSX aims to bring different markets together on a national electronic platform thereby creating transparency, efficiency and infrastructure for spot markets across India

SECTION 3

FINANCIAL AND OPERATING HIGHLIGHTS

Key Highlights for the quarter ended December 31, 2009

- Total income of Rs. 14.8 billion (US\$ 318 million) against Rs 15.7 billion in the corresponding period – a decrease of 6%
- Net profit of Rs. 632 million (US\$ 14 million) against Rs 1,315 billion in the corresponding period – a decrease of 52%

Summary of Consolidated Financial Statements

(Rs. Million)

	Q3 FY10	Q3 FY09	Q2 FY10	FY09
Total income	14,848	15,731	14,471	59,400
Staff costs	1,453	1,378	1,399	5,541
Other expenditure	3,547	3,668	3,420	11,559
Reinsurance premium ceded	1,896	1,935	1,705	6,758
Claims incurred	3,321	3,350	2,113	10,729
Interest & financial charges	3,457	3,725	3,608	12,638
Depreciation	175	153	154	567
Profit before tax	1,039	1,526	2,265	12,042
Net Profit after Minority Interest & share of profit of associates	632	1,315	1,558	10,157
Diluted EPS (Rs)	2.57	5.45	6.34	41.35

Segmental Performance

(Rs. Million)

	Q3 FY10	Q3 FY09	Q2 FY10	FY09
Finance & Investments				
Revenue	2,396	3,290	3,533	18,391
Profit before tax	206	1,245	1,367	10,375
Capital employed	66,567	60,742	62,281	62,979
Asset Management				
Revenue	1,927	1,111	1,487	3,907
Profit before tax	708	196	588	1,147
Capital employed	253	916	1,099	468
General Insurance				
Revenue	6,648	6,752	5,392	23,116
Profit before tax	(70)	(121)	1	(502)
Capital employed	6,257	5,015	6,327	6,316
Consumer Finance				
Revenue	3,263	3,225	3,446	12,033
Profit before tax	381	146	228	917
Capital employed	15,285	12,233	17,705	11,225
Others				
Revenue	654	1,358	807	2,386
Profit before tax	(184)	184	83	115
Capital employed	2,975	2,442	6,846	4,551

Note:

The segmental performance given above is as per SEBI and listing agreement guidelines. The consolidated performance of Reliance Capital Limited is classified according to the source and nature of revenues and profits. In case of the financial performance discussed given hereafter, the financial performance of each business division (except the consumer finance division) represents the unaudited financials of the respective operating subsidiary/ company.

The consumer finance activities are carried out by a business division of Reliance Capital Limited (Standalone) and through its two subsidiaries – Reliance Home Finance and Reliance Consumer Finance. The above consolidated segmental information includes the financials of the home finance and asset finance subsidiaries of Reliance Consumer Finance. The disclosures given in this report are split into three verticals viz Home Finance, Asset Finance and Unsecured loans to demonstrate the business focus on secured asset lending.

There will be a difference in the numbers/ figures in the segmental performance given above and those given in the business financial performance given hereafter.

For e.g. the consolidated income reported under asset management segment above would include the investment management fees from activities across the various subsidiaries of Reliance Capital. This will not be comparable with the income of Reliance Asset Management Company. This would include the income from investment management fees as well finance & investment income and other income.

Total income:

RCL's consolidated income from operations for the quarter ended December 31, 2009 was Rs. 14.8 billion (US \$ 318 million) from Rs 15.7 billion in the corresponding previous period – decrease of 6%.

Operating expenses:

Staff costs for the quarter were flat at Rs. 1.5 billion (US\$ 31 million) as against Rs 1.4 billion in the corresponding previous period.

Selling, general & administrative expenses for the quarter ended December 31, 2009 declined by 3% YoY to Rs. 3.5 billion (US\$ 76 million) as against Rs 3.7 billion in the corresponding previous period.

Finance cost and Net profit from operations:

Interest & finance charges for the quarter decreased by 7% to Rs. 3.5 billion (US \$ 74 million) as against Rs. 3.7 billion in the corresponding previous period. This decrease was due to softening in the interest rates.

Depreciation for the quarter was Rs. 175 million (US\$ 4 million) as against Rs. 153 million in the corresponding previous period, an increase of 14%. This increase was mainly due to an increase in the fixed assets base.

Profit after tax, minority interest and share of profit of associates for the quarter ended December 31, 2009 was Rs. 632 million (US\$ 14 million) as against Rs. 1,135 million in the corresponding period – a decrease of 52%

This quarter as well, lower capital gains were booked, owing to the planned partial stake sales in operating businesses – subject to necessary approvals. Being the sole beneficiary of

the operating businesses, the full benefit of value unlocking will form part of Reliance Capital's net profit for the current financial year. This will accrue significant capital gains in this financial year.

The focus across all businesses at Reliance Capital is to create & sustain a robust, sustainable & profitable business model. In line with this, various measures like restructuring, cost rationalization etc have been employed to move towards leaner cost structures and improve profitability. The endeavor is to create a healthy earnings mix by increasing the contribution of the core businesses and improving their profitability.

Balance sheet

As on December 31, 2009, the company had total assets of Rs 242 billion (US\$ 5 billion) and a net worth of Rs. 78 billion (US\$ 2 billion).

The company had a net debt of Rs 114 billion (US\$ 2 billion) as on December 31, 2009 and equity of Rs. 78 billion (US\$ 2 billion), resulting to net debt to equity ratio of 1.4.

BUSINESS WISE PERFORMANCE

RELIANCE CAPITAL ASSET MANAGEMENT

MUTUAL FUND

TOTAL ASSETS UNDER MANAGEMENT

(Rs. Billion)

Particulars	As at Dec 31, 2009	As at Dec 31, 2008	As at Mar 31, 2009
Mutual Funds			
Average AUM	1,200	702	809
- Equity	31%	30%	29%
- Debt	69%	70%	71%
Portfolio Management Services			
- Discretionary	16	16	15
- Advisory	16	13	14
- EPFO	315	244	276
TOTAL	347	273	305
Offshore Funds (US\$ million)	185	152	127

COMPETITIVE STANDING – INDIAN MUTUAL FUNDS

	As at Dec 31, 2009	As at Dec 31, 2008	As at Mar 31 2009
Rank	# 1	# 1	# 1
Market Share	15.1%	16.7%	16.4%

(Source: AMFI website)

DISTRIBUTION REACH

	As at Dec 31, 2009	As at Dec 31, 2008	As at Mar 31 2009
Branches	173	153	156
Reliance Mutual Fund (RMF) Centers	20	27	25
Resident Representatives	50	235	160
TOTAL LOCATIONS	243	415	341

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY10	Q3 FY09	Q2 FY10	FY09
Income	1,964	915	1,560	4,547
Personnel costs	488	256	359	1,206
Marketing expenses	466	116	262	619
Administration & other expenses	230	179	261	939
Profit before tax	744	339	649	1,686
Profit after tax	479	257	389	1,257

Discussion of financial performance

RCAM's income from its operations for the quarter ended December 31, 2009 was at Rs. 1,964 million (US \$ 42 million) as against Rs. 915 million in the corresponding previous period– an increase of 115%.

The increase in income was due to 71% YoY increase in average assets under management, with debt inflows turning significantly positive as against outflows in the previous corresponding period.

Selling, marketing, general & administrative expenses for the quarter ended December 31, 2009 were Rs. 696 million (US\$ 15 million) as against Rs. 295 million for the corresponding previous period, an increase of 136%, due to the 71% YoY increase in the average assets under management.

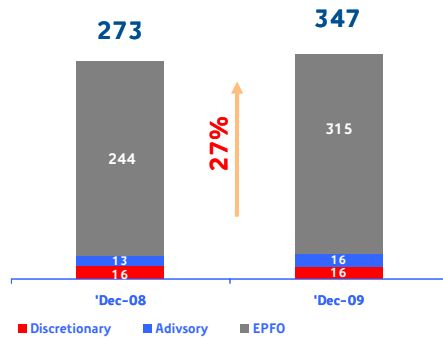
The recent regulations change in the asset management industry whereby the entry loads on equity funds have been removed, has lead to significant negative impact on distribution commissions as these entry loads used to be passed on as distributors' commissions. This has resulted in asset management companies having to bear the cost of distributor commissions.

Also in line with the expansion plan, RCAM has increased its distribution network to 243 locations in Q3 FY10 as against 226 locations in Q2 FY10.

Profit after tax for the quarter ended December 31, 2009 was Rs. 479 million (US\$ 10 million) as against Rs. 257 million in the corresponding previous period, an increase of 86%.

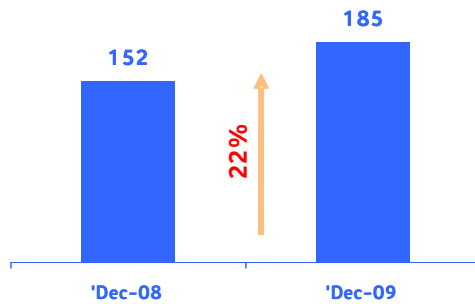
PORTFOLIO MANAGEMENT SERVICES

ASSETS UNDER MANAGEMENT (Rs. 347 Billion)



OFFSHORE FUNDS

ASSETS UNDER MANAGEMENT (US\$ 185 Million)



RELIANCE LIFE INSURANCE

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY10	Q3 FY09	Q2 FY10	FY09
First year premium	8,150	7,566	6,775	29,657
Single premium	1,063	733	667	5,482
Total new business premium	9,213	8,298	7,442	35,140
Renewal premium	6,859	3,190	5,232	14,186
Total premium	16,034	11,479	12,610	49,153
Annualized premium equivalent (APE)	8,256	7,639	6,842	30,206
No of policies issued	688,979	591,201	495,560	2,219,273
Average premium per policy (Rs.)	12,746	13,779	13,650	15,059
Average tenure of policies issued	14.8	14.2	8.1	13.7
Average age of insured	35.1	34.2	34.9	34.2
No of branches	1,247	1,145	1174	1,145
No of agents	192,347	141,603	185,703	149,613
Funds under management				
Policyholders	112,595	44,950	99,829	58,950
Shareholders	2,861	4,411	3,007	3,947
Policyholders funds under management				
Equity	79,656	25,244	70,922	33,473
Other than equity	32,940	19,706	28,906	25,477
Capital infused	-	3,260	650	12,294
Capital infused as % of total new business premium	-	39%	9%	35%

- Total premium for the quarter Rs. 16 billion (US\$ 344 million) as against Rs. 11 billion for the corresponding previous period – an increase of 40%
- New Business Premium Income for the quarter ended December 31, 2009 was Rs 9 billion (US\$ 197 million) as against Rs 8 billion in the corresponding previous period, a increase of 11%
- For the quarter ended December 31, 2009, renewal premium was Rs. 7 billion (US\$ 147 million) as against 3 billion for the corresponding previous period – an increase of 115%
- The thrust continues to be on regular premium policies – the single premium contribution to total premium for the quarter was 7% as against 11% for the financial year ended 2009
- The annualized premium equivalent (APE) for the quarter was Rs. 8.3 billion (US\$ 177 million) as against Rs 7.6 billion for the corresponding previous period – an increase of 8%
- The total funds under management were at Rs. 115 billion (US\$ 2 billion) as on December 31, 2009 against Rs. 49 billion as on December 31, 2008 – an increase of 134%
- The policyholders' funds under management were at Rs. 113 billion (US\$ 2 billion) as on December 31, 2009 against Rs. 45 billion as on December 31, 2008 – an increase of 150%
- For the third consecutive quarter, RLI sold the largest number of policies in the private sector life insurance industry. The number of policies sold during the quarter were 6,88,979 as against 5,91,201 for the corresponding previous period, an increase of 17%
- The average premium per policy for the quarter dropped by 7% to Rs. 12,746 from Rs. 13,779 for the corresponding previous period, due to the increased contribution in new business premium from tier III and IV towns & cities
- The average tenure of policies issued for the quarter increased by 4% to 14.8 years from 14.2 years for the corresponding previous period
- The distribution network increased to 1,247 branches at the end of December 31, 2009 against 1,145 branches at the end of December 31, 2008

- The number of agents at the end of December 31, 2009 were at 192,347 as against 141,603 agents at the end of December 31, 2008, an increase of 36%
- During the quarter, no capital infusion was required as against Rs 3.3 billion in the corresponding previous period
- The capital invested till date in this business is Rs 28 billion (US\$ 602 million)

COMPETITIVE STANDING – INDIAN LIFE INSURANCE INDUSTRY

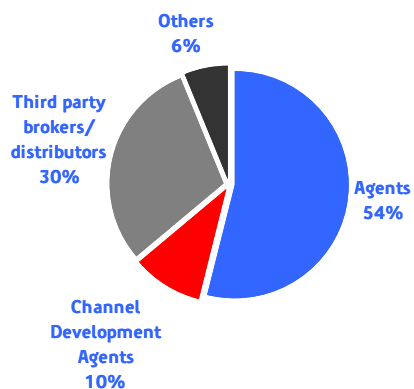
- RLI is among the **top 4 private sector life insurance players**

	As at Dec 31, 2009	As at Dec 31, 2008	As at Mar 31 2009
Market Share (Private Sector Life Insurers)	9.3%	10.1%	10.3%
Overall Market Share	3.2%	4.3%	4.0%

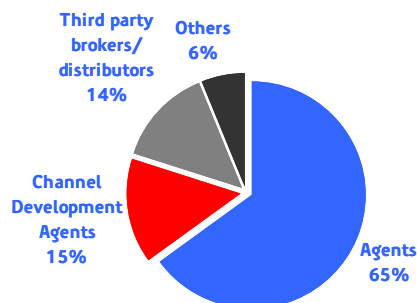
(Source: IRDA website)

DISTRIBUTION MIX – well diversified

As at December 31, 2009



As at December 31, 2008



PRODUCT MIX

- Top 5 products contribute over **79% of new business premium** viz. Reliance Super InvestAssure Plan, Reliance Super Automatic Investment Plan, Reliance Super Golden Years Plan, Reliance Premier Life and Reliance Money Guarantee Plan

NEW BUSINESS ACHIEVED PROFIT (NBAP)

Definition

NBAP is defined as present value of future profits for shareholders on account of new business sales, based on a given set of assumptions

Actual experience may differ from these assumptions

Basis of preparation

The NBAP is calculated net of tax after providing for cost of capital that would be required to support business. Cost of capital is taken as difference between nominal value for solvency capital and present value, at risk discount rate, of future releases of capital together with investment earnings on solvency capital

- **The new business achieved profit for nine months ended December 31, 2009 was Rs. 3,844 million (US\$ 80 million)**
- **The new business achieved profit margin for nine months ended December 31, 2009 was 20.13%**

The assumptions used are as follows:

Economic Assumptions:

Particulars	Assumptions p.a.
Cash/ Money Market/ TB	5.0%
Government Securities	7.5%
Corporate Bond	8.5%
Equities	12.0%
Inflation	5.5%
Risk discount rate	12.5%
Tax rate	14.2%

Operating Assumptions:

- Operating assumptions such as mortality, morbidity & persistency are based industry & reinsurers experience, using our operating experience where such experience is credible

- Expense assumptions are based on our latest expense projection which reflects recent responses to lower growth environment. The chosen expense loadings are consistent with current pricing assumptions & represent the our most recent view of long term expense assumptions
- No allowance has been made for any expense over runs that we experience in the short term
- Projections assume that RLIC pays tax at the full rate of tax on profits/ losses arising

Sensitivity:

The sensitivity of the NBAP to economic assumptions is given below:

(Rs. Million)

Particulars	Base Value	+ 1%	- 1%
Investment return	3,844.1	3,990.5	3,704.5
Risk discount rate	3,844.1	3,529.4	4,191.3

- Investment return sensitivity considers a change in assumed rate of growth for unit linked funds, assumed rate of investments on non unit cash flows & reserves and on assets supporting solvency margin, & a change in rate of expense inflation

Further consideration:

- NBAP reflects 96.05% of new business written in nine months ended December 31, 2009
- Value from traditional business and part of group business has been ignored. These two business lines represent 3.41% & 0.54% respectively of annualized new business premium

RELIANCE GENERAL INSURANCE

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY10	Q3 FY09	Q2 FY10	FY09
Gross Written Premium	5,182	5,090	4,881	19,149
Net Written Premium	4,130	4,160	3,188	13,996
Net Earned Premium	3,990	4,223	3,018	13,889
Commission earned	206	189	177	891
Investment Income	414	464	317	1,465
Claims	3,321	3,350	2,113	10,737
Management expenses	1,300	1,501	1,322	5,414
Commission paid	60	149	81	575
Underwriting result (accounting)	(209)	(286)	(108)	(986)
Profit before tax	(70)	(121)	1	(502)
Combined ratio with pool	112%	114%	111%	114%
Networth	6,257	5,015	6,327	6,316
Reserve for Unexpired Risk	7,365	6,336	7,225	6,830
Capital infusion	-	-	-	1,600
Investment book				
Equity	1,133	1,307	1,151	611
Debt	14,023	11,008	13,442	13,029
Total	15,156	12,315	14,593	13,640

COMPETITIVE STANDING – INDIAN GENERAL INSURANCE INDUSTRY

- Reliance General Insurance is among the **top 3 private sector life insurance players**

	As at Dec 31, 2009	As at Dec 31, 2008	As at Mar 31 2009
Market Share (Private Sector General Insurers)	15.3%	15.1%	15.2%
Overall Market Share	6.2 %	6.9%	7.0%

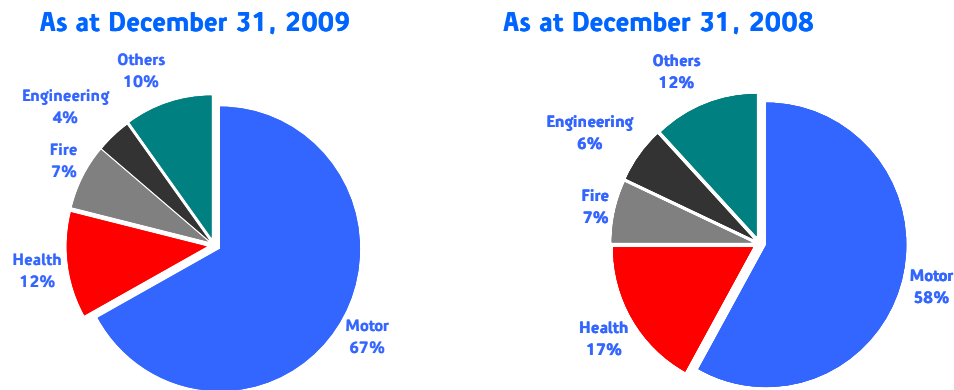
(Source: IRDA)

SCALE OF OPERATIONS

	As at Dec 31, 2009	As at Dec 31, 2008	As at Mar 31 2009
No of branches	200	200	200
No of intermediaries			
Motor dealers	736	480	486
Agents	4,458	4,496	4,854
No of policies issued (millions)	2.5	2.0	2.7
No of policies in force (millions)	3.8	2.9	2.7
No of claims handled	327,888	345,056	535,489

SEGMENT WISE BREAK UP

- Premium contribution



Discussion of financial performance

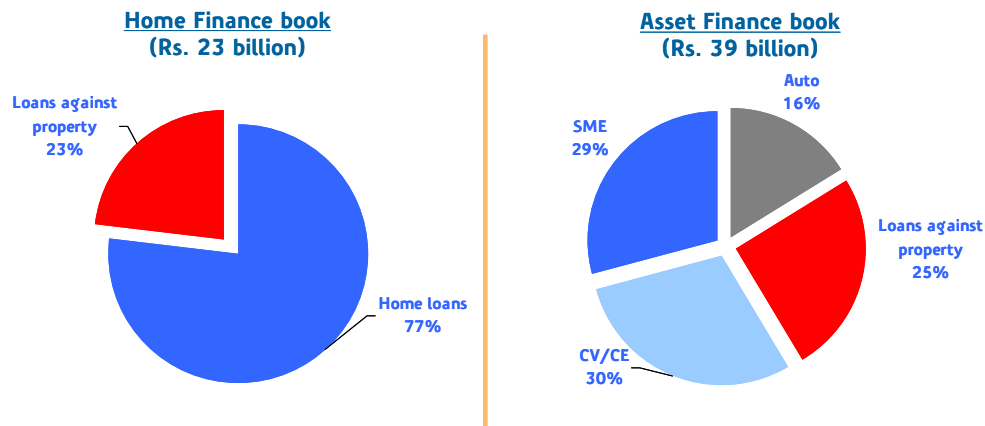
- For the quarter ended December 31, 2009, the Gross Written Premium (GWP) was Rs. 5.2 billion (US\$ 111 million) – a YoY increase of 2%
- Net Written Premium (NWP) for the quarter ended December 31, 2009 was Rs. 4.1 billion (US\$ 89 million) as against Rs. 3.2 billion in Q2 FY10 – an increase of 30%
- Loss for the quarter ended December 31, 2009 decreased to Rs. 70 million (US\$ 2 million) as against Rs. 121 million for the corresponding previous period
- The distribution network composed of 200 branches and over 4,400 intermediaries at the end of December 31, 2009
- The focus for the general insurance business is to improve the combined ratio. To achieve this, several steps have been undertaken to contain the claims ratio and the management expenses. Various areas have been identified where the claims

experience had been adverse and accordingly appropriate measures were taken to re-price the risk

- Also, various steps have been taken to limit management costs. This involved cost optimization exercises like re-negotiation of branch rentals and various expenses relating to vendors, suppliers & distributors
- The combined ratio (with third party motor pool) improved to 112% from 114% for the corresponding previous period. Combined ratio is the sum of claims, commissions and management expenses

RELIANCE CONSUMER FINANCE

LOAN BOOK– AMOUNT OUTSTANDING (Rs billion)



- The focus at Reliance Consumer Finance is not only credit growth per se but the quality of credit sourced. In line with this, the plan is to increase secured asset lending and de-emphasize unsecured loans
- The outstanding loan book as on December 31, 2009 was at Rs 78 billion (US\$ 2 billion), against Rs 89 billion as on December 31, 2008 - a decrease of 13%
- As on December 31, 2009, the assets under management (including securitized portfolio) were Rs. 95 billion (US\$ 2 billion) as against Rs. 89 billion as on December 31, 2008 – an increase of 7%
- Reliance Consumer Finance securitized loans of Rs. 11 billion (US\$ 228 million) for the quarter ended December 31, 2009. In the nine months ended December 31, 2009, the Company has securitized loans of Rs 21 billion (US\$ 439 million)
- Loan book is spread across 1,15,517 customers from top 18 Indian metros

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY10	Q3 FY09	Q2 FY10	FY09
Disbursals	14,419	2,097	13,678	39,278
Interest Income	2,600	3,175	2,759	11,586
Other Income	663	38	687	416
Total Income	3,263	3,213	3,446	12,002
Personnel Costs	242	176	221	863
Interest expenses	1,476	2,081	1,732	7,034
Other expenses	482	433	551	1,885
Provisions	681	377	715	1,308
Profit before tax	381	146	228	911

- The disbursements for the quarter ended December 31, 2009 were Rs. 14 billion (US\$ 309 million) as against Rs. 2 billion for corresponding previous period – an increase of 586%
- The total income for the quarter ended December 31, 2009 was Rs. 3.3 billion (US\$ 70 million) as against Rs. 3.2 billion for the corresponding previous period – an increase of 1%
- The profit before tax for the quarter ended December 31, 2009 was Rs. 381 million (US\$ 8 million) as against Rs. 146 million for the corresponding previous period – an increase of 161%
- The provisioning as on December 31, 2009 was Rs. 2.4 billion (US\$ 51 million) i.e. 2.5% of the total outstanding loan book. The coverage ratio is 53%

Home Finance

(Rs. Million)

	Q3 FY10	Q3 FY09	Q2 FY10	FY09
Interest Income	689	686	688	2,406
Other Income	258	17	195	124
Total Income	947	703	883	2,530
Personnel Costs	48	34	44	174
Interest expenses	429	502	451	1,654
Other expenses	8	66	60	277
Provisions	5	3	12	88
Profit before tax	456	99	316	338

- The home finance division generated revenues of Rs. 947 million (US\$ 20 million) for the quarter ended December 31, 2009, as against Rs. 703 million for the corresponding previous period – an increase of 35%
- It achieved a profit before tax of Rs. 456 million (US 10 million) for the quarter ended December 31, 2009, as against Rs. 99 million for the corresponding previous period – an increase of 361%
- The cost to income ratio for the quarter declined significantly YoY – from 49% to 16%
- Provisions for the quarter were Rs. 5 million (US\$ 99,216) as against Rs. 12 million in Q2 FY10 – a decrease of 62%
- The average cost of funds for the home finance division declined for quarter to 9.4% from 10.2% in FY09

Asset Finance

(Rs. Million)

	Q3FY10	Q3FY09	Q2 FY10	FY09
Interest Income	1,275	1,457	1,352	5,255
Other Income	379	10	452	93
Total Income	1,654	1,467	1,804	5,348
Personnel Costs	137	74	109	355
Interest expenses	727	1,038	899	3,528
Other expenses	310	193	343	806
Provisions	28	72	45	260
Profit before tax	452	91	407	399

- The asset finance division generated revenues of Rs. 1,654 million (US\$ 35 million) for the quarter ended December 31, 2009, as against Rs. 1,467 million for the corresponding previous period – an increase of 13%
- For the quarter, it achieved a profit before tax of Rs. 452 million (US 10 million) as against Rs. 91 million for the corresponding previous period – an increase of 396%
- The cost to income ratio declined significantly YoY for the quarter - from 62% to 48%
- Provisions for the quarter were Rs. 28 million (US\$ 600,362) as against Rs. 45 million in Q2 FY10 – a decrease of 39%
- The average cost of funds for the asset finance division was 9.4% from 11.2 for FY09

Unsecured loans

(Rs. Million)

	Q3FY10	Q3FY09	Q2 FY10	FY09
Interest Income	637	1,031	719	3,925
Other Income	25	12	41	200
Total Income	662	1,043	760	4,124
Personnel Costs	57	68	69	334
Interest expenses	319	541	382	1,852
Other expenses	164	175	149	802
Provisions	649	303	657	961
Profit before tax	(527)	(44)	(496)	175

- The Company has moved away from unsecured loans and stopped net disbursements in this segment since April 2008
- The personal loan book declined in this quarter from 13% to 9% in the corresponding previous period
- The unsecured loans division generated revenues of Rs. 662 million (US\$ 14 million) for the quarter ended December 31, 2009, as against Rs. 1,043 million for the corresponding previous period and a loss of Rs. 527 million (US\$ 11.2 million) as against loss of Rs. 44 million for the corresponding previous period
- Provisions for the quarter were at Rs. 649 million (US\$ 14 million) as against Rs. 657 million in Q2 FY10 – a decrease of 1%
- The average cost of funds for the unsecured loans division declined for quarter to 10.1% from 11.5% in FY09

RELIANCE MONEY

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3FY10	Q3FY09	Q2FY10	FY09
Total Income	537	1,022	609	3,520
Sub brokerage	35	102	40	421
Personnel Costs	168	287	255	1,150
Other expenses	333	339	271	1,369
Profit before tax	0.7	293	43	581

SCALE OF OPERATIONS

	As at Dec 31, 2009	As at Dec 31, 2008	As at Mar 31, 2009
No of outlets			
Franchisees	5,000	10,125	10,125
Owned	116	267	225
Total	5,116	10,392	10,350
No. of broking accounts	940,000	991,012	1,010,000
Daily average stock exchange turnover (Rs. Billion)	15.9	22	22.5
Daily average commodities turnover (Rs. Billion)	2.5	2.5	2.5

Discussion of financial performance

- Reliance Money maintained revenues of Rs. 537 million (US\$ 11.5 million) for the quarter ended December 31, 2009 as against Rs. 609 million for the quarter ended September 30, 2009
- The business achieved a profit before tax of Rs. 0.7 million (US\$ 0.01 million) for the quarter ended December 31, 2009, as against Rs. 43 million for the quarter ended September 30, 2009
- This decrease in income was due to the re-structuring process at Reliance Money – across all its lines of businesses. The focus across is on profitability through changes in pricing & leaner cost structures & moving towards a more robust & sustainable business model

RELIANCE CAPITAL - FINANCE & INVESTMENTS (STANDALONE)

(Rs. Million)

	Q3 FY10	Q3 FY09	Q2 FY09	FY09
Interest & finance income	1,582	1,281	1,249	5,610
Profit on sale (net) investments	733	2,054	2,113	11,416
Other income	44	151	98	753
Total	2,359	3,486	3,460	17,779
Profit before tax	170	1,102	1,306	9,865

- The income for finance & investments division (standalone) was Rs. 23.4 billion (US \$ 72 million) for quarter ended December 31, 2009 as against Rs. 34.9 billion for corresponding previous period – a decline of 51%
- This quarter as well, lower capital gains were booked, owing to the planned partial stake sale in the operating businesses– subject to necessary approvals. Being the sole beneficiary of operating businesses, the full benefit of value unlocking will form a part of Reliance Capital’s net profits for the current financial year leading to substantial capital gains

• **SECTION 4**

STOCK MARKET HIGHLIGHTS

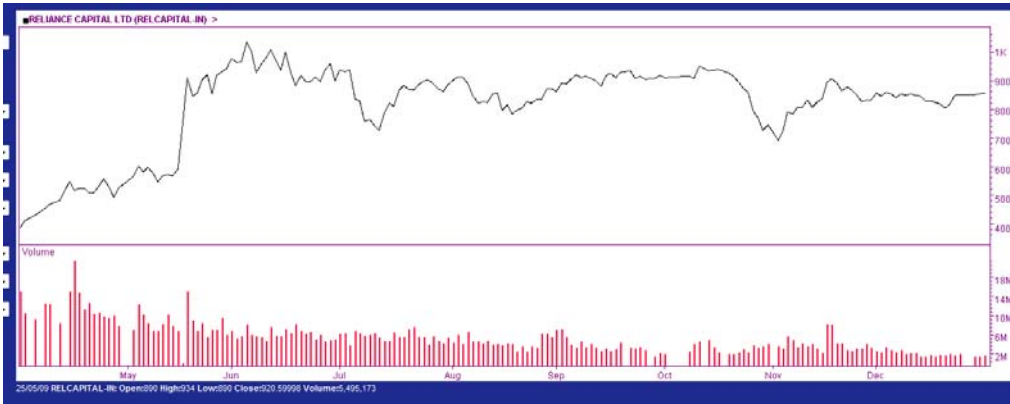
General information

Shareholding and Financial data as on December 31, 2009	
Code/ Exchange	500111/ BSE RELCAPITAL/ NSE
Bloomberg/ Reuters	RCFT / RLCP.NS
No of share outstanding (Dec 31, 2009)	245,632,800
Closing market price (Rs.) (Dec 31, 2009)	857.05
Combined volume (NSE & BSE) (for the nine months) (No. in million/ day)	4.2
Combined value (NSE & BSE) (for the nine months) (Rs. billion / day)	3.5
F& O volume (NSE – for the nine months) (No. in million/ day)	8.5
F& O value (NSE – for the nine months) (Rs. in billion/ day)	7.4
Weightage of Reliance Capital in indices: S&P CNX Nifty MSCI	0.65% 0.70%
Stock Beta (for last 9 months ended December 31, 2009)	1.7
Market capitalization (Rs bn)	221
Market capitalization (US\$ bn)	4.6
Book value per equity share (Rs.)	304

Summarized shareholding pattern as of December 31, 2009

Category	No of shares	Shareholding %
Reliance Dhirubhai Ambani Group	131,382,274	53.5%
Foreign investors – FIIs, GDRs, NRIs, and others	54,266,161	22.2%
Domestic institutions/ Banks / Mutual funds	19,043,769	5.1%
Indian public	40,940,596	19.2%
Total	24,56,32,800	100.00%

Reliance Capital daily stock price & volume (NSE) movement (Source: Thomson Reuters)



Comparison of Reliance Capital stock movement with peer groups (Data Source: Bloomberg)

